

LINCOLN COUNTY HOSPITAL DISTRICT #3
Lincoln Hospital
North Basin Medical Clinics

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DEPARTMENT OF HEALTH
Center for Health Statistics

POLICY AND PROCEDURE: UNCOMPENSATED SERVICES (CHARITY CARE)

EFFECTIVE DATE: 2/1/2003 REVISION DATE: 10/19/06

POLICY: Lincoln County Hospital District #3 is committed to the provision of Health Care Services to all persons in need of medical attention regardless of ability to pay. The medically indigent patient, those with no or inadequate means of paying for needed care, will be granted Uncompensated Care regardless of race, color, sex, religion, age or national origin as required by law (WAC-261-14).

ELIGIBILITY CRITERIA:

Uncompensated care is generally secondary to all financial resources available to the patient, including group or individual medical plans, workers compensation, Medicare, Medicaid or medical assistance programs, other state, federal, or military programs, third party liability situations (e.g. auto accidents or personal injuries), healthcare savings accounts or any other situation in which another person or entity may have legal responsibility to pay for the costs of medical services. *Elective services, not considered medically necessary by the physician, may not be considered for Uncompensated Care.* Accounts placed with collection agencies will be considered on a case-by-case basis.

In those situations where appropriate primary payment sources are not available, patients shall be considered for Uncompensated Care under this hospital policy based on the following criteria as calculated for the twelve (12) months prior to the date of the request.

- A. The full amount of the patient balance will be determined to be Uncompensated Services for any patient whose gross family income is at or below 100% of the current Federal Poverty Guidelines.
- B. The following sliding fee schedule shall be used to determine the amount which shall be written off for patients with incomes between 100% and 200% of the current Federal Poverty Guidelines:

- Patients with income between 1.00 and 1.25 times FPL are 100% eligible
 - Patients with income between 1.26 and 1.50 times FPL are 75% eligible
 - Patients with income between 1.51 and 1.75 times FPL are 50% eligible
 - Patients with income between 1.76 and 2.00 times FPL are 25% eligible
 - Patients with income over 2.00 times FPL guidelines are not eligible

- C. Catastrophic Uncompensated Care: The hospital may also write off as Uncompensated Care amounts for patients with family income in excess of 200% but less than 400% of the poverty guidelines, when circumstances indicate severe financial hardship or personal loss. The District will consider unforeseen interruption in income (a dramatic circumstance that would affect his or her financial circumstance) and/or medical expenses beyond the patient's capability of paying (equal or greater than 20% of the family's gross annual income).

- D. In order to comply with the "Washington Hospital Voluntary Effort on Billing to the Uninsured", the additional procedures will be followed (Uninsured means no third party insurance. Health Savings accounts are considered insurance.):
- Notification (applies to all patients):
 - We will provide a written notice to all patients informing them about the availability of financial assistance.
 - Collection Practices (applies to all patients):
 - We will provide to the Board of Commissioners an annual summary report on collection actions taken.
 - We will have a written policy as to when and under whose authority an account was sent to collections.
 - We will have a written policy as to when a lien is placed on a primary residence.
 - Discounts (applies to the uninsured for medically necessary services):
 - No uninsured patient with income under 100 percent of poverty as updated annually will be required to pay for care. Income for those under 100 percent of poverty includes both earned and unearned income, but excludes assets. This is consistent with the policies as described in A. above.
 - No uninsured patient with income under 200 percent of poverty as updated annually will be required to pay more than the estimated cost of their care. Cost of care is defined as the charge times the Hospital's average cost-to-charge ratio. The cost-to-charge ratio is based on the previous year's Year End Report as filed with the Washington State Department of Health. Individual patients will be charged the lower of this amount or the amount calculated in item B. above.
 - No uninsured patient with income under 300 percent of poverty as updated annually will be required to pay more than 130 percent of the estimated cost of their care. Cost of care is defined as the charge times the Hospital's average cost-to-charge ratio. The cost-to-charge ratio is based on the previous year's Year End Report as filed with the Washington State Department of Health.

ELIGIBILITY DETERMINATION

Initial Determination: During the patient registration process, the Hospital District will attempt to make initial determination of eligibility based on verbal or written application for Uncompensated Care. Pending final eligibility determination, the Hospital District will not initiate collection efforts or requests for deposits, provided the responsible party is cooperative with the Hospital District's efforts to reach a determination of sponsorship status, including return of applications and documentation within fourteen (14) days of receipt. The Hospital District will exercise the following options:

- A. The Hospital District will use an application process for determining initial interest in and qualification for Uncompensated care. Should the patient choose not to apply for Uncompensated Care, they will not be considered for the program unless other circumstances or intent become known to the Hospital District.
- B. Requests to provide Uncompensated Care will be accepted from sources such as physician, community or religious groups, social services, financial services personnel, patient, or immediate family member. If the Hospital District becomes aware of factors which might qualify the patient for Uncompensated care under this policy, it will advise the patient or guarantor of this potential and make an initial determination that the account is to be treated as Uncompensated Care.

For the purpose of reaching an initial determination of sponsorship status, hospitals shall rely upon information provided orally by the responsible party. The hospital may require the responsible party to sign a statement attesting to the accuracy of the information provided to the hospital for purposes of the initial determination of sponsorship status.

Final Determination: The Hospital District will exercise the following options in making the final determination for:

- Option 1: Uncompensated care may be granted based solely on the initial determination. In such cases, the Hospital District will not complete full verification or documentation of any request.
- Option 2: Uncompensated care forms, instructions, and written applications will be furnished to patients when Uncompensated Care is requested, when need is indicated or when financial screening indicates potential need. All applications whether initiated by the patient or the Hospital District should be accompanied by documentation to verify income amounts stated on the application form. One or more of the following documents may be accepted for verification of income:
- ❖ Pay stubs for all employment during three months prior to the date of the request.
 - ❖ An income tax return from the most recently filed calendar year complete with W-2 withholding statements.
 - ❖ Forms approving or denying eligibility for Medicaid and/or state-funded Medical Assistance.
 - ❖ Forms approving or denying unemployment compensation.
 - ❖ Written statements from employers or welfare agencies.
 - ❖ Phone verification from welfare agencies.
- Option 3: Patients will be asked to provide verification for Medicaid or Medical Assistance. During the initial request period, the patient shall pursue other sources of funding, including Medicaid.
- Option 4: Income shall be annualized from the date of application based upon documentation provided and upon verbal information provided by the patient. The annualization process will be determined by the Hospital District and will take into consideration seasonal employment and temporary increases and/or decreases in income.

In the event that the responsible party's identification as an indigent person is obvious to hospital personnel, and the hospital personnel are able to establish the position of the income level within the broad criteria described in WAC 246-453-040 or within income ranges included in the hospital's sliding fee schedule, the hospital is not obligated to establish the exact income level or to request the aforementioned documentation from the responsible party, unless the responsible party requests further review.

In the event that the responsible party is not able to provide any of the documentation described above, the hospital shall rely upon written and signed statements from the responsible party for making a final determination of eligibility for classification as an indigent person.

Eligibility will be based on income: total cash receipts before taxes derived from wages and salaries, public assistance payments, Social Security payments, strike benefits, unemployment or disability benefits, child support, and net earnings from business and investment activities paid to the individual.

Time Frame for Determination: The hospital will provide a final determination within fourteen (14) days of receipt of a completed application and documentation.

Denials/Appeals: Denials will be written and include instructions for appeal or reconsideration as follows: The patient/guarantor may appeal the determination of eligibility for Uncompensated Care by providing additional verification of income or family size to the Director of Business Services within fourteen (14) days of receipt of notification. All appeals will be reviewed by the Administrator, Chief Financial Officer and the Business Operations Manager. If this determination affirms the previous denial of Uncompensated Care, written notification will be sent to the patient/guarantor and the Department of Health in accordance with state law.

CONFIDENTIALITY: All information relating to the application will be kept confidential. Complete copies of documents which support the application will be kept with the application form.

NOTIFICATION: The Hospital District's Uncompensated Care Policy will be publicly available through the posting of a sign and the distribution of written material in those areas where the Hospital District's requests information pertaining to third party coverage from the patient/guarantor.